TF Bank AB
Corporate identity number 556158-1041

Financial report for the financial years 2012 - 2014

The Board of Directors and Chief Executive Officer present the following financial report and consolidated financial statements.

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Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK '000).

Consolidated income statement	**Note**	**2014**	**2013**	**2012**
SEK '000				
	1, 2, 3, 4, 27			
Operating income				
Interest income	5	360 136	319 570	299 804
Interest expense	6	-38 567	-35 035	-33 170
Net interest income		321 569	284 535	266 634
Fee and commission income		29 351	10 381	8 152
Fee and commission expenses		-3 409	-2 516	-2 083
Net fee and commission income	7	25 942	7 865	6 069
Net results from financial transactions		-151	-21	-586
Total operating income		347 360	292 379	272 117
General administrative expenses	8, 9, 10	-86 916	-66 198	-63 310
Depreciation, amortization and impairment charges of tangible and intangible assets	11, 12	-3 470	-3 029	-2 892
Other operating expenses	13	-16 309	-15 554	-17 737
Total operating expenses		-106 695	-84 781	-83 939
Profit before loan losses		240 665	207 598	188 178
Net loan losses	14	-113 343	-97 659	-91 515
Operating profit		127 322	109 939	96 663
Income tax expense	15	-27 779	-23 615	-29 441
Net profit for the year		99 543	86 324	67 222
Total net profit for the year attributable to the owners of the parent company		99 543	86 324	67 222
*Basic earnings per share**		4.63	4.02	3.13
*Diluted earnings per share**		4.63	4.02	3.13

**Outstanding number of shares was increased from 50 000 to 21 500 000 through a share split and bonus issue on 4 June 2015. Earnings per share have been restated accordingly.*

Consolidated statement of comprehensive income	2014	2013	2012
SEK '000			
Net profit for the year	99 543	86 324	67 222
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Currency valuation differences during the year, net of tax	1 887	0	0
Other comprehensive income, net of tax	1 887	0	0
Total comprehensive income for the year	101 430	86 324	67 222
Total comprehensive income attributable to the owners of the parent company	101 430	86 324	67 222

Consolidated balance sheet	Note	2014-12-31	2013-12-31	2012-12-31	2012-01-01
SEK '000	1, 2, 3, 4, 27				
Assets					
Cash and balances with central banks		4 811	-	-	-
Treasury bills eligible for refinancing with central banks		159 965	149 669	59 826	49 681
Loans to credit institutions	16, 17, 18	485 955	429 538	261 527	46 840
Loans to the public	16, 17, 19	1 633 820	1 234 158	1 221 426	1 128 214
Intangible assets	11	4 749	4 916	7 293	9 092
Tangible assets	12	1 553	1 108	1 043	1 162
Other assets	20	10 616	5 209	1 523	15 929
Current tax assets		19 497	8 034	10 345	6 047
Prepaid expenses and accrued income	21	31 196	15 605	20 028	18 548
Total assets		2 352 163	1 848 237	1 583 010	1 275 514
Liabilities and equity					
Liabilities					
Liabilities to credit institutions	22	-	-	7 212	181 067
Deposits and borrowings from the public	16, 17	1 953 403	1 522 288	1 263 376	809 377
Other liabilities	23	65 095	31 911	58 876	41 388
Accrued expenses and prepaid income	24	49 302	39 745	36 806	27 695
Deferred tax liabilities	25	12 146	15 381	17 305	23 950
Total liabilities		2 079 946	1 609 325	1 383 575	1 083 477
Equity	26				
Share capital (shares issued 50 000 of SEK 100 each)		5 000	5 000	5 000	5 000
Other reserves		1 887	0	0	0
Retained earnings		165 787	147 588	127 213	106 201
Net profit for the year		99 543	86 324	67 222	80 836
Total equity		272 217	238 912	199 435	192 037
Total equity and liabilities		2 352 163	1 848 237	1 583 010	1 275 514
Assets pledged as security	28	653 017	524 610	574 662	618 959
Commitments		None	None	None	None
Contingent liabilities		None	None	None	None

Consolidated statement of changes in equity

SEK '000	Share capital	Other reserves	Retained earnings	Net profit	Total equity
Balance as at 1 Jan 2012	**5 000**	**0**	**106 201**	**80 836**	**192 037**
Net profit for the year	-	-	-	67 222	67 222
Currency translation differences, net of tax	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	-	**67 222**	**67 222**
Transfer of previous year's net profit for the year	-	-	80 836	-80 836	-
Dividend	-	-	-1 111	-	-1 111
Group contribution	-	-	-79 609	-	-79 609
Tax effect on group contribution	-	-	17 514	-	17 514
Adjustment of change in effective tax rate	-	-	3 382	-	3 382
Balance as at 31 Dec 2012	**5 000**	**0**	**127 213**	**67 222**	**199 435**
Balance as at 1 Jan 2013	**5 000**	**0**	**127 213**	**67 222**	**199 435**
Net profit for the year	-	-	-	86 324	86 324
Currency translation differences, net of tax	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	-	**86 324**	**86 324**
Transfer of previous year's net profit for the year	-	-	67 222	-67 222	-
Dividend	-	-	-1 277	-	-1 277
Group contribution	-	-	-58 423	-	-58 423
Tax effect on group contribution	-	-	12 853	-	12 853
Balance as at 31 Dec 2013	**5 000**	**0**	**147 588**	**86 324**	**238 912**
Balance as at 1 Jan 2014	**5 000**	**0**	**147 588**	**86 324**	**238 912**
Net profit for the year	-	-	-	99 543	99 543
Currency translation differences, net of tax	-	1 887	-	-	1 887
Total comprehensive income for the year, net of tax	-	**1 887**	-	**99 543**	**101 430**
Transfer of previous year's net profit for the year	-	-	86 324	-86 324	-
Dividend	-	-	-858	-	-858
Group contribution	-	-	-86 240	-	-86 240
Tax effect on group contribution	-	-	18 973	-	18 973
Balance as at 31 Dec 2014	**5 000**	**1 887**	**165 787**	**99 543**	**272 217**

Consolidated cash flow statement	**2014**	**2013**	**2012**
SEK '000			
Operating activities			
Operating profit	127 322	109 939	96 663
Adjustments for items not included in cash flow			
Depreciation and amortization	3 470	3 029	2 892
Accrued interest income and interest expenses	652	3 065	9 755
Adjustment for non-cash items in operation activities	151	21	586
Income taxes paid	-23 697	-10 374	-14 962
	107 898	105 680	94 934
Increase/decrease in loans to the public	-399 662	-12 733	-93 211
Increase/decrease in other short-term claims	-16 241	1 442	19 701
Increase/decrease in deposits and borrowings from the public	431 115	258 912	454 000
Increase/decrease in liabilities to credit institutions	-	-7 212	-173 855
Increase/decrease in other short-term liabilities	6 919	-3 316	-786
Cash flow from operating activities	130 029	342 773	300 783
Investing activities			
Acquisition of tangible assets	-1 069	-543	-286
Acquisition of intangible assets	-2 678	-175	-689
Cash flow from investing activities	-3 747	-718	-975
Financing activities			
Group contribution paid	-53 900	-82 923	-73 866
Dividend paid	-858	-1 277	-1 111
Cash flow from financing activities	-54 758	-84 200	-74 977
Cash flow for the year	71 524	257 855	224 831
Cash and cash equivalents at the beginning of year	579 207	321 353	96 521
Cash and cash equivalents at the end of year	650 731	579 208	321 353
Interest paid and interest received included in cash flow from operating activities			
Interest paid	38 320	33 168	22 818
Interest received	360 541	319 769	299 207

Note 1 General information

TF Bank AB, corporate identity number 556158-1041, has a license to provide banking services. The bank has operations in Sweden, Finland, Norway, Denmark, Estonia, Latvia and Poland. The bank is primarily focused on offering loans of limited amounts to private individuals in all markets. TF Bank also accepts deposits from the general public in the Swedish and Finnish markets. The bank is using Swedish krona (SEK) as the presentation currency. Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK '000).

TF Bank AB is a limited liability company with registered office in Sweden. The address of the head office is Box 947, SE-501 10 Borås, Sweden.

Ownership in TF Bank AB is divided between TFB Holding AB (formerly Consortio Invest AB, 556705-2997) (98 per cent) and minority shareholders (2 per cent).

The term Group refers to TF Bank AB together with its branch and subsidiaries:

Branch
TF Bank AB, filial Finland (2594352-3)

Subsidiaries
Avarda AB (556986-5560)
TFB Service OÜ (12676808)
Avarda Oy (2619111-6)

Note 2 Accounting policies and valuation principles

The principal accounting policies applied in preparing this financial report are set out below. Unless otherwise stated, these policies have been applied consistently for all the years presented.

The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting follows the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), as well as the Supplementary Accounting Rules for Groups RFR 1. This is the first financial report prepared in accordance with IFRS. However, this has not resulted in any changes in the opening balances for 2012 since this is the first time in which the consolidated financial statements have been prepared except that the translation difference has been set to zero at the transition date.

Accounting estimates and judgements
Preparing the financial statements in accordance with IFRS requires the use of important accounting estimates. Estimates and judgements are evaluated continuously and based on historical experiences and other factors, including expectations of future events that are deemed reasonable under existing circumstances. The Group makes forward-looking estimates and assumptions, and accounting estimates resulting from these will, by definition, rarely agree with actual outcomes. The main area that involves a high degree of judgement, where assumptions and estimates have a material impact on the financial report, is provisions for loan losses. The Group's approach is described in Notes 2 and 3.

New standards, amendments and interpretations of existing standards which have not yet entered into force and have not been applied in advance by the Group
IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains, but simplifies, the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected loan loss model that replaces the incurred loss impairment model as prescribed in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The new standard must be applied for financial years beginning on 1 January 2018. Early application is permitted. The Group is yet to assess the full effect of IFRS 9.
IFRS 15 *Revenue from Contracts with Customers* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's dealings with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the

ability to direct the use and obtain the benefits from the good or service. IFRS 15 replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and the related SIC and IFRIC interpretations. IFRS 15 becomes effective on 1 January 2017. Early application is permitted. The Group is yet to assess the full effect of IFRS 15.

There are no other IFRS or IFRIC interpretations that are not yet effective and which are expected to have a material impact on the Group.

Consolidation

The consolidated financial statements include subsidiaries over which the Group has control. The Group controls an entity when it is exposed to or has the rights to a variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date when the controlling interest is transferred to the Group. They are excluded from the consolidated financial statements as of the date when the controlling interest ceases to exist.

The acquisition method is applied to account for business combinations, which means that the subsidiary's equity is fully eliminated upon acquisition. Consequently, consolidated equity only includes the portion of the subsidiary's equity which has accrued since the acquisition.

When the Group ceases to have control over a subsidiary any retained interest is measured at fair value as of the date when control is lost, with the change in carrying amount recognized in the income statement. The fair value is the initial carrying amount with the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. Any amounts previously recognized in other comprehensive income in respect of the entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified and accounted for in the income statement.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are reported in SEK, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement.

Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet are translated at the balance sheet date closing rate;
- Income and expenses for each income statement are translated using the average exchange rate for the year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange rate differences arising from the acquisition are recognized in other comprehensive income.

Segmental reporting

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the function that is responsible for allocating resources and assessing the results of operating segments. In the Group this function has been identified as the Board of Directors.

Tangible assets
Tangible assets are stated at historical cost less depreciation. The carrying amount of an asset is increased if there are expenditures that improve an asset's efficiency above the original level. Expenditure for repairs and maintenance is expensed.

Tangible assets are systematically depreciated over the asset's estimated useful life. Any residual value is taken into account when calculating the depreciable amount of the asset. All types of tangible assets are depreciated on a straight-line basis using the following depreciable lives:

IT equipment	36 months
Other equipment	60 months

Intangible assets
Intangible assets are stated at historical cost less amortization. Commercial-off-the-shelf software is expensed as incurred. Custom software which has been developed or significantly adapted for the Group is recognized as an intangible asset if it has probable economic benefits after one year which exceed the cost. Only directly attributable expenditure is capitalized.

Intangible assets are amortized on a straight-line basis over their useful lives, subject to a limit of 60 months.

Financial instruments – Recognition and measurement
Financial assets
The classification of financial assets depends on the purpose for which the asset was acquired. The Group decides on the classification upon initial recognition of the assets. The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets. The Group discloses information on fair value measurement and liquidity risk. The disclosure includes information on fair value measurement by fair value hierarchy levels (see Note 3).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets that are held for trading. A financial asset is classified in this category if it is acquired primarily for the purpose of selling it in the short-term. Derivatives are classified as held for trading unless the Group applies hedge accounting. The change in fair value is recognized in the income statement in Net results from items at fair value. Assets in this category are recognized in Other assets.

Loans and receivables
Loans and receivables are non-derivative financial assets which are not listed on an active market and have fixed or determinable payments. The Group's holdings in this category are classified in the balance sheet in Cash and balances with central banks, Loans to credit institutions, Loans to the public and Other assets. Loans and receivables are stated at amortized cost less any impairment.

Available for sale financial assets
Available for sale financial assets are non-derivatives which have been identified as available for sale or not been classified in any of the other categories. The Group's available for sale financial assets consist of Treasury bills eligible for refinancing with central banks.

Financial liabilities
The Group classifies its financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities. The Group discloses information on fair value measurement. The disclosure includes information on fair value measurement by fair value hierarchy levels (see Note 3).

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities that are held for trading. A financial liability is classified in this category if it is acquired primarily for the purpose of selling it in the short-term. Derivatives are classified as held for trading unless the Group applies hedge accounting. The change in fair value is recognized in the income statement in Net results from items at fair value. Liabilities in this category are recognized in Other liabilities.

Other financial liabilities
Other financial liabilities are accounted for in Liabilities to credit institutions, Deposits and borrowings from the public and Other liabilities. They are measured at amortized cost.

Financial instruments – Other accounting policies
Purchases and sales of financial instruments are recognized at the trade date with the exception of loans and deposits, which are recognized at the settlement date. Financial instruments are initially recognized at fair value plus transaction costs. Financial instruments are derecognized when the rights to receive cash flows from the instruments have expired, or transferred, and virtually all risks and rewards associated with ownership have been transferred or the Group no longer has any obligations associated with the financial instrument.

Impairment of financial assets

The Group assesses on a monthly basis whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of assets is impaired, and an impairment loss is recognized, only if there is objective evidence of impairment as a result of one or several events occurring after the initial recognition of the asset ("a loss event") and this event, or events, affect the estimated future cash flows of the financial asset or group of financial assets and this effect can be accurately estimated.

An impairment loss on loans and receivables is recognized when there is objective evidence that the Group will not be able to recover overdue amounts in accordance with the original terms and conditions for the receivables. The Group applies a collective impairment approach since the portfolio consists of loans of limited amounts and receivables where an individual assessment is not required. The Group uses a statistical approach in two steps to determine the provisions:

- Loans and receivables where a loss event occurred for a single receivable or for a group of receivables; and
- Loans and receivables which are more than sixty-nine days overdue and where the loan has been cancelled (non-performing loans).

When a loss event has occurred a provision is made by assessing the present value of future cash flows based on the probability that the loan will be terminated using historical data. The expected future cash flow is based on calculations which take into account historical redemption rates and other historical data. Historical data is used to estimate future cash flows in the markets where the Group has decided not to sell the non-performing loans.

Provisions for non-performing loans are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted using the original interest rate of the loan. The expected future cash flow is based on calculations which take into account historical redemption rates, which are applied to each generation of non-performing loans.

All loans and receivable that neither have a loss event nor are more than sixty-nine days overdue are assessed whether they should be collectively impaired. The loans and receivable are reviewed to find loss events that could lead to a financial loss for the Group, e.g. increased unemployment rate. Events preceding this might be, e.g. large notices and financial instability, which could have a negative impact on the solvency of the customers after the event occurred. Management makes quarterly qualitative assessments to assess the change since the last quarter to determine whether to increase or decrease the collective provision. Management assesses each market where the Group has operations.

Loans and receivables that are sold are removed from the collective provision and the difference between the carrying amount of the asset and the present value are recognized as a loss. Non-performing loans are recognized as an actual loss when they have been reported by the debt collection agency as being assigned to long-term monitoring, when it has been established that the customer is deceased or when another loss event has been identified. Amounts received relating to previous actual losses are recognized through profit or loss (see Note 14).

Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the country in which the Group operates and generates taxable income. Management periodically evaluates positions taken with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authority.

Recognized income taxes comprise tax that is payable or due in respect of the current year and adjustments relating to current tax for previous years. For items recognized in the income statement the associated tax effects are also reported in the income statement. The tax effects from items that are reported directly in equity are also reported in equity.

Deferred income tax is calculated by applying tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date and that are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Employee benefits

Pension plans are funded through payments to insurance companies. The Group only has defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or other obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Provisions
Provisions are recognized when the Group has a legal or informal obligation arising from past events, it is more probable than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Restructuring provisions are recognized when a detailed formal plan exists and a well-founded expectation among those affected has been created. Provisions for future guarantee claims refer to the next few years and are based on historical information on guarantee claims as well as current trends which could indicate that future claims will differ from past claims. No provisions are made for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item in the same class of obligations may be small.

Interest income and interest expense
Interest income is recognized over the term of the loan by applying the effective interest rate method. Transaction costs in connection with borrowing and lending are thus accounted for as part of the loan.

Fee and commission income and fee and commission expenses
The Group recognizes fees for insurance premiums, reminder fees and other fees in Fee and commission income. Fee income is recognized as income in the period in which it is earned. Fee and commission expenses are expenses which are attributable to commissions, services and fees relating to the earning of fees and commissions for insurance premiums.

Net results from financial transactions
The item refers to foreign exchange revaluation of assets and liabilities in a foreign currency as well as changes in the fair value of derivatives related to foreign currency derivatives.

Cash flow statement
The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions involving incoming or outgoing payments. Cash and cash equivalents include Cash and balances with central banks, Treasury bills eligible for refinancing with central banks, and Loans to credit institutions.

Note 3 Financial risks and financial risk management

Financial risk factors
The Group is, through its activities, exposed to several types of financial risk: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial results. TF Bank uses derivatives to hedge certain currency exposures but does not apply hedge accounting.

The Board of Directors establishes written policies and control documents. Compliance with the governing documents as well as the level of the Group's credit risk are measured and reported to the Group's management and Board of Directors on an ongoing basis.

Market risk
(i) Currency risk
The Group's currency risk is partly of an operational and partly of a structural nature. Operational currency risk refers to currency risk which arises when the Group holds positions in financial instruments which are denominated in a foreign currency. Structural currency risk refers to currency risk which arises in the balance sheet due to the fact that some operations are conducted in countries with different currencies. Currency risk exists for the following currencies: EUR, NOK, DKK and PLN. Currency risks arise when future business transactions or recognized assets or liabilities are expressed in a currency that is not the Group's functional currency. The Group uses swap contracts for EUR, NOK, DKK and PLN to manage the currency risk which arises from assets and liabilities in other currencies than the functional currency. The swap contracts normally have maturities of one to three months in order to minimize the impact on earnings from changes in exchange rates.

In case of a weakening or strengthening of SEK by 10 per cent against each exposure currency, holding all other variables constant, the impact on consolidated total comprehensive income (excluding the tax effect) from assets and liabilities in a currency that is not the Group's functional currency would be (presented in SEK '000):

Currency	2014	2013	2012
EUR	+/- 224	+/- 152	+/- 9
NOK	+/- 35	+/- 13	+/- 3
DKK	+/-20	-	-
PLN	+/- 277	+/- 20	+/- 0

(ii) Interest rate risk in respect of cash flows
The Group's assets and liabilities are mostly financed at a variable rate, which results in minimal interest rate risk. One exception is a claim the Group has on a company for which the interest rates are set quarterly based on STIBOR 90 days. There is some interest rate risk as borrowing is based on STIBOR 30 days or less. Nonetheless, as the claim amounts to SEK 0.6 million, the impact on earnings of a change in the interest rate of 10 basis points is negligible.

The Group's finance and liquidity policies allow for holdings of securities with a remaining maturity of up to 12 months. No more than 30 per cent of the Group's available liquidity may have a remaining maturity of more than six months. As the Group's holdings of Treasury bills at the balance sheet date totalled SEK 160 million, this interest rate risk would also be negligible in terms of its impact on earnings in the above scenario. Other assets in the liquidity portfolio refer to various bank deposits and central bank assets held at variable interest rates, leading to hardly any interest rate risk.

(iii) Categorization of assets valued at fair value
For financial instruments valued at fair value in the balance sheet disclosures are required on fair value measurement by level in the following fair value hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Data other than quoted market prices included in Level 1 that are observable for the assets or liabilities, either directly, i.e. in the form of quoted prices, or indirectly, i.e. derived from quoted prices (Level 2); and
- Data for the assets or liabilities which are not based on observable market data (non-observable inputs) (Level 3).

The Group also provides information regarding the fair value of certain assets for information purposes.

The following table presents the Group's assets and liabilities measured at fair value as at 31 December 2014 for items that are measured at fair value and for items where fair value information is provided for disclosure purposes.

SEK '000 Description	Carrying amount 31 Dec 2014	Fair value as at the balance sheet date based on: Level 1	Level 2	Level 3	Estimated fair value on items at cost.
Financial assets valued at fair value through profit or loss					
Derivatives held for trading	7 087	-	7 087	-	-
Total	7 087	-	7 087	-	-
Loans and receivables					
Cash and balances with central banks	4 811	-	-	-	4 811
Loans to credit institutions	485 955	-	-	-	485 955
Loans to the public	1 633 820	-	-	-	1 633 820
Total	2 124 586	-	-	-	2 124 586
Available for sale financial assets					
Treasury bills eligible for refinancing with central banks	159 965	-	159 965	-	-
Total	159 965	-	159 965	-	-
Other financial liabilities					
Deposits and borrowings from the public	1 953 403	-	-	-	1 953 403
Liability to TFB Holding AB (formerly Consortio Invest AB)	56 840	-	-	-	56 840
Total	2 010 243	-	-	-	2 010 243

The following table shows the Group's assets and liabilities measured at fair value as at 31 December 2013 for items that are measured at fair value and for items where fair value information is provided for disclosure purposes.

SEK '000 Description	Carrying amount 31 Dec 2013	Fair value as the balance sheet date based on: Level 1	Level 2	Level 3	Estimated fair value on items at cost
Financial assets valued at fair value through profit or loss					
Derivatives held for trading	5 043	-	5 043	-	-
Total	5 043	-	5 043	-	-
Loans and receivables					
Cash and balances with central banks	-	-	-	-	-
Loans to credit institutions	429 538	-	-	-	429 538
Loans to the public	1 234 158	-	-	-	1 234 158
Total	1 663 696	-	-	-	1 663 696
Available for sale financial assets					
Treasury bills eligible for refinancing with central banks	149 669	-	149 669	-	-
Total	149 669	-	149 669	-	-
Other financial liabilities					
Deposits and borrowings from the public	1 522 288	-	-	-	1 522 288
Liability to TFB Holding AB (formerly Consortio Invest AB)	24 500	-	-	-	24 500
Total	1 546 788	-	-	-	1 546 788

The following table shows the Group's assets and liabilities measured at fair value as at 31 December 2012 for items that are measured at fair value and for items where fair value information is provided for disclosure purposes.

SEK '000 Description	Carrying amount 31 Dec 2012	Fair value as at the balance sheet date based on: Level 1	Level 2	Level 3	Estimated fair value on items at cost
Financial assets valued at fair value through profit or loss					
Derivatives held for trading	1 516	-	1 516	-	-
Total	1 516	-	1 516	-	-
Loans and receivables					
Cash and balances with central banks	-	-	-	-	-
Loans to credit institutions	261 527	-	-	-	261 527
Loans to the public	1 221 426	-	-	-	1 221 426
Total	1 482 952	-	-	-	1 482 952
Available for sale financial assets					
Treasury bills eligible for refinancing with central banks	59 826	-	59 826	-	-
Total	59 826	-	59 826	-	-
Other financial liabilities					
Liabilities to credit institutions	7 212	-	-	-	7 212
Deposits and borrowings from the public	1 263 376	-	-	-	1 263 376
Liability to TFB Holding AB (formerly Consortio Invest AB)	49 000	-	-	-	49 000
Total	1 319 588	-	-	-	1 319 588

Financial instruments in Level 2
The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. An instrument is classified as Level 2 if all significant inputs required to value an instrument are observable.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Fair value of currency swap contracts is determined using forward exchange rates at the balance sheet date.

For loans to the public the fair value is based on discounted cash flows using an interest rate based on the market interest rate at the balance sheet date, which was 27.23 per cent for 2014, 27.67 per cent for 2013 and 27.96 per cent for 2012. For the corporate sector the fair value is based on discounted cash flows using an interest rate based on the market interest rate, which in this case is STIBOR 90 days. At 31 December 2014 STIBOR 90 days was 0.264 per cent, at 31 December 2013 STIBOR was 0.939 per cent and at 31 December 2012 STIBOR was 1.288 per cent.

Credit risk
Credit risk is the risk that a counterparty causes the Group a financial loss by not fulfilling its contractual obligations. Credit risk arises primarily through loans to the public but also through cash and cash equivalents and derivatives with a positive value. Credit risk is the most significant risk in the Group and is monitored closely by the relevant functions and by the Board of Directors, who has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which sets the guidelines for the Group's lending activities. A credit committee monitors the development of the levels of credit risk in the loan portfolios and determines changes and suggests updates in the Group's lending within the issued credit policy. The performance of the credit portfolio is regularly reported to the Board of Directors.

Before a loan is issued a risk assessment is made of the customer's creditworthiness, taking into account the customer's financial position, previous experiences and other factors. Individual risk limits are defined based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit limits is regularly monitored. The Group cannot grant any loans or credits to legal entities without the approval by the Board of Directors. By only approving counterparties with an investment grade credit rating and by setting limits for the maximum exposure to each counterparty the Board of Directors limits the credit risk arising from cash management activities.

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group the provision for loan losses is small in proportion to the outstanding loan volume (see below and Note 19). This is because the Group regularly sells non-performing loans to debt collection specialist entities when the Board of Directors considers the price level to be favourable compared to keeping the non-performing receivables on the balance sheet. This is currently the case for most of the markets. This implies that the Group continuously realizes actual loan losses through sales of non-performing loans. The remaining portfolio has a limited number of non-performing loans and consequently relatively low level of provisions (see table below).

The objective for the Group's process of monitoring overdue payments and unsettled loans and receivables is to minimize loan losses by detecting payment issues early and following up with customers where needed. The monitoring is supported by a separate "pre-collection" system for overdue payments with automatic functions and reminders.

The Group's loans to the public consist entirely of unsecured loans. The categories of customers and risk exposure are presented below. At the balance sheet date the credit portfolio for loans to the public is as follows:

	2014-12-31	2013-12-31	2012-12-31
Loans, not past due	1 380 897	987 800	1 020 170
Loans past due, 1 - 10 days	161 686	153 399	116 486
Loans past due, 11 - 69 days	51 057	54 377	47 838
Non-performing loans	72 918	68 592	70 933
Total	1 666 558	1 264 168	1 255 428
Provision for expected loan losses	-32 738	-30 010	-34 002
Total loans to the public	1 633 820	1 234 158	1 221 426

For a reconciliation of the change in the provision for expected loan losses, see Note 19.

Credit quality of fully performing loans			
Household sector			
Low risk	891 253	685 752	607 946
Medium risk	194 705	141 929	184 016
High risk	454 841	312 159	360 862
Unrated	52 260	47 642	51 699
Total household sector	1 593 059	1 187 482	1 204 524
Corporate sector			
Unrated	581	8 096	16 904
Total corporate sector	581	8 096	16 904

The approval of a loan application from a new customer is primarily based on information provided by the customer, information deduced from customers in the same socio demographic group and other variables regarding the individual customer retrieved from external sources. How the information is used and weighted in the model is determined from a risk perspective by an in-depth analysis of the individual customer and the Group's existing customer data base. The Group can use both internal ratings and ratings provided by external providers (credit bureaus in the respective markets) to ensure that the risk assessment is as cost effective, accurate and precise as possible. Both ratings are performed independently but can be used together in the Group's credit assessment. This rating model is only applied to new customers, whilst existing customers with a payment history and updated variables have proven to be good sources for a renewed credit assessment.

The credit quality of other fully performing financial assets in accordance with Standard & Poor's local short-term rating is shown below:

Cash and balances with central banks			
AAA	4 811	-	-
Treasury bills eligible for refinancing with central banks			
AAA	159 965	149 669	59 826
Loans to credit institutions			
A-1+	334 611	239 545	162 758
A-1	141 252	183 461	90 886
A-2	10 092	6 532	7 883
Other assets			
A-1+	7 087	5 043	1 516
Total	657 818	584 250	322 869

Other assets refer to derivatives with a positive value.

Liquidity risk
The guidelines for liquidity risk are defined by the Board of Directors. Most of the liquidity risk arises from the ability to meet withdrawals of deposits by Swedish and Finnish households. The ability to make payments relating to new loans is deemed to be a business risk. At the balance sheet date the Group had total deposits of SEK 1 953,4 million, which are accounted for under the heading Deposits and borrowing from the public. No limits are applied on households' withdrawals of deposited money. Under the Board of Directors' instructions, the Group is required to maintain a generally low liquidity risk in the operations.

To prevent a liquidity crisis, the Group is required at all times to maintain a committed credit line directly or indirectly with another credit institution, in addition to a normal operating credit facility, and to maintain a liquidity reserve in accordance with the bank's finance policy.

The maximum holding with the Group's permitted counterparties is 25 per cent of acceptable capital, with the exception of institutions, for which the limit is 100 per cent of acceptable capital. Treasury bills and central bank assets are excluded from the 25 per cent limit.

Management closely monitors the Group's liquidity reserve, which consists of cash and cash equivalents and other liquidity creating measures, and monitors rolling forecasts of the liquidity situation based on expected cash flows.

All financing in addition to deposits from the public are liabilities to credit institutions and equity funding.

As at 31 December 2014 the Group had a liquidity reserve of SEK 940,5 million, whereof other liquidity creating measures of SEK 300 million, which represents 48 per cent of the Group's deposits from the public. The Group's liquidity coverage ratio was 331 per cent and the ratio of deposits from the public to loans to the public was 120 per cent.

For contractual maturities of liabilities, see Note 17.

Note 4 Segmental reporting

The Board of Directors has the ultimate responsibility for the decisions being taken by the Group. Management has defined the operating segments based on the information determined by the Board of Directors and used as a basis for decisions on the allocation of resources and evaluation of results.

The Group's principal business is lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer comprises mainly of loans of limited amounts to private individuals. Sales Finance provides funding solutions for the handling of instalment payments.
During the financial years 2012 and 2013 the Group's activities consisted solely of Direct to Consumer. Sales Finance started in May 2014 when the bank acquired the assets relating to the business from a large vendor including a co-operation agreement.

The Board of Directors evaluates the operating segments' performance based on their operating profits.

DIRECT TO CONSUMER

Income statement	**2014**	**2013**	**2012**
Net interest income	284 830	284 535	266 633
Net fee and commission income	11 937	7 865	6 069
Net results from financial transactions	-113	-21	-586
Total operating income	296 654	292 379	272 117
General administrative expenses	-72 018	-66 198	-63 310
Depreciation, amortization and impairment charges of tangible and of intangible assets	-3 057	-3 029	-2 892
Other operating expenses	-16 133	-15 554	-17 737
Total operating expenses	-91 208	-84 781	-83 939
Profit before loan losses	205 446	207 598	188 178
Net loan losses	-95 815	-97 659	-91 515
Operating profit	109 631	109 939	96 663

Balance sheet	**2014**	**2013**	**2012**
Loans to the public			
Household sector	1 275 528	1 226 062	1 204 522
Corporate sector	581	8 096	16 904
Total loans to the public	1 276 109	1 234 158	1 221 426
Household sector			
Performing loans, net	1 226 051	1 178 926	1 157 555
Non-performing loans, net	49 477	47 136	46 967
Total household sector	1 275 528	1 226 062	1 204 522
Corporate sector			
Performing loans, net	581	8 096	16 904
Total corporate sector	581	8 096	16 904

SALES FINANCE

Income statement	**2014**	**2013**	**2012**
Net interest income	36 739	-	-
Net fee and commission income	14 005	-	-
Net results from financial transactions	-38	-	-
Total operating income	50 706	-	-
General administrative expenses	-14 898	-	-
Depreciation, amortization and impairment charges of tangible and of intangible assets	-413	-	-
Other operating expenses	-176	-	-
Total operating expenses	-15 487	-	-
Profit before loan losses	35 219	-	-
Net loan losses	-17 528	-	-
Operating profit	17 691	-	-

Balance sheet	**2014**	**2013**	**2012**
Loans to the public			
Household sector	357 711	-	-
Total loans to the public	357 711	-	-
Household sector			
Performing loans, net	357 711	-	-
Total household sector	357 711	-	-

GROUP INFORMATION

	2014	**2013**	**2012**
Income			
Operating income, Direct to Consumer	296 654	292 379	272 117
Operating income, Sales Finance	50 706	-	-
Total operating income for the Group	347 360	292 379	272 117
Operating profit			
Operating profit, Direct to Consumer	109 631	109 939	96 663
Operating profit, Sales Finance	17 691	-	-
Total operating profit for the Group	127 322	109 939	96 663
Loans to the public			
Loans to the public, Direct to Consumer	1 276 109	1 234 158	1 221 426
Loans to the public, Sales Finance	357 711	-	-
Total loans to the public for the Group	1 633 820	1 234 158	1 221 426

For information on the geographic distribution of interest income and fee income, see Notes 5 and 7, respectively.

Note 5 Interest income

	2014	2013	2012
Interest income on loans to the public	358 007	315 798	296 475
Other interest income	2 129	3 772	3 329
Total interest income	360 136	319 570	299 804
of which interest income from loans and receivables	359 491	318 875	299 159
- of which interest income from non-performing loans	8 624	8 162	9 011
of which interest income on available for sale financial assets	645	695	645
Geographic distribution interest income:			
Sweden	173 120	169 930	173 452
Finland	142 965	123 853	99 666
Estonia	28 419	20 998	20 818
Norway	5 777	4 546	5 868
Poland	5 321	242	-
Denmark	4 247	-	-
Latvia	287	-	-
Total interest income	360 136	319 570	299 804

Interest income includes currency translation gains/losses (net of tax) of SEK thousands -1 974 in 2014, SEK thousands -441 in 2013, and SEK thousands -540 in 2012 and relates to interest income in Finland, Norway, Estonia, Latvia, Denmark and Poland.

Note 6 Interest expense

	2014	2013	2012
Interest expense credit institutions	-1 453	-971	-4 594
Interest expense public	-33 949	-33 940	-31 942
Other financial expenses	-3 165	-124	3 366
Total interest expense	-38 567	-35 035	-33 170

Note 7 Net fee and commission income

	2014	2013	2012
Fee and commission income			
Insurance premiums	12 110	6 977	5 218
Reminder fees	17 232	3 395	2 925
Other fee and commission income	9	9	9
Total fee and commission income	29 351	10 381	8 152
Fee and commission expenses			
Insurance commission expenses	-3 409	-2 516	-2 083
Total fee and commission expenses	-3 409	-2 516	-2 083
Net fee and commission income	25 942	7 865	6 069
Geographic distribution fee and commission income			
Sweden	17 895	8 937	7 076
Finland	3 700	983	705
Estonia	621	252	292
Norway	1 303	61	79
Poland	4 073	148	-
Denmark	1 693	-	-
Latvia	66	-	-
Total fee and commission income	29 351	10 381	8 152

Note 8 General administrative expenses

	2014	2013	2012
Staff costs			
- salaries and remuneration	-21 491	-16 168	-13 027
- social security costs	-6 899	-5 312	-4 301
- pension costs	-2 199	-1 841	-1 532
- other staff costs	-776	-474	-346
Total staff costs	-31 365	-23 795	-19 206
Other general administrative expenses			
- postage and telephone expenses	-6 665	-4 918	-4 609
- IT costs	-14 255	-8 892	-9 294
- external debt collection costs	-3 755	-3 497	-3 668
- other expenses	-30 876	-25 096	-26 533
Total other general administrative expenses	-55 551	-42 403	-44 104
Total general administrative expenses	-86 916	-66 198	-63 310

Note 9 Audit fee

	2014	2013	2012
PricewaterhouseCoopers AB			
- auditing assignment	418	310	287
- audit-related services	62	62	62
- tax advisory services	6	19	22
- other services	562	368	694
Total	1 048	759	1 065

The auditing assignment relates to audit fee for the statutory audit, i.e. the work necessary to issue the audit report. Audit-related services are provided in connection with the auditing assignment.

Note 10 Average number of employees, salaries, other remuneration and social security contributions

	2014	2013	2012
Average number of employees:			
Females	34	27	24
Males	17	9	7
Total	51	36	31
Salaries, remuneration, social security costs, and pension			
Salaries and remuneration to the Board of Directors and the Chief Executive Officer	1 820	1 740	1 700
Salaries and remuneration to other staff	19 871	14 628	11 527
Total salaries and remuneration	21 691	16 368	13 227
Social security costs as per agreement	6 899	5 312	4 301
Pension costs	2 199	1 841	1 532
Total	30 789	23 521	19 060

Salaries and remuneration to the Board of Directors and other senior executives

		2014	2013	2012
Chairman of the Board of Directors, Bertil Larsson:				
Remuneration				
	Director's fee	200	200	200
Total		200	200	200
Other Directors:				
Thomas Grahn, remuneration				
	Director's fee	100	100	100
Mattias Carlsson, remuneration		-	-	-
Paul Källenius, remuneration		-	-	-
John Brehmer, remuneration				-
	Director's fee	-	-	
Total		100	100	100
Chief Executive Officer:				
Base salary		1 520	1 440	1 400
Social security costs		478	452	440
Pension costs		340	311	293
Total		2 338	2 203	2 133
Other senior executives:				
Base salary		2 945	4 874	3 906
Other compensation		77	72	72
Pension costs		655	983	734
Total		3 677	5 929	4 712

Remuneration to senior executives

In accordance with the disclosure requirements in FFFS 2014:12, information regarding, e.g. remuneration systems, is provided on the Group's website (www.tfbank.se). Salaries and other remuneration to the Chief Executive Officer and other senior executives consists of fixed salary, variable remuneration, commission income, other benefits and pension. The Chairman and external members of the Board of Directors are paid in accordance with the annual general meeting.

Variable remuneration

In accordance with a resolution, no executives received any variable remuneration during the year. As a result no executives have received such remuneration.

Commission-based remuneration

In accordance with a resolution, commission-based remuneration has been paid to executives of the Group based on the achievement of agreed individual targets. The amounts paid are in all cases less than SEK 100 000. No pension plan contributions are made upon payment of commission-based remuneration. The Group's senior executives have not received any commission-based remuneration.

Pensions
The Group's pension obligations are covered by payments to the ITP plan (individual pension plan funded through payments to insurance companies).

The retirement age is 65 for the Chief Executive Officer, for whom supplementary payments to a defined contribution plan are made annually. The retirement age is 65 for other senior executives, for whom supplementary payments to a defined contribution plan, the ITP plan, are made annually. An additional pension premium is paid on the remuneration if variable remuneration is paid.

Termination and severance pay
The notice period of the Chief Executive Officer is 6 months (12 months' notice in case of termination by the Group). If the termination is initiated by the Group the base salary is paid during the notice period, but no variable remuneration is paid if such remuneration has been agreed before the termination takes effect. Severance pay is reduced by any new salary which the Chief Executive Officer receives from a new agreed employer.

Board of Directors and other senior executives of the Group

	2014		**2013**		**2012**	
	Number as at the balance sheet date	Of which males	Number as at the balance sheet date	Of which males	Number as at the balance sheet date	Of which males
Members of the Board of Directors	15	100%	5	100%	5	100%
Of which the Chief Executive Officer and other senior executives	4	100%	1	100%	1	100%

Note 11 Intangible assets

	2014-12-31	2013-12-31	2012-12-31
Intangible assets			
Acquisition value at beginning of year	12 905	12 730	12 041
Changes during the year			
- acquisitions	2 678	175	689
- exchange rate effect	0	0	0
Acquisition value at end of year	15 583	12 905	12 730
Accumulated amortization at beginning of year	-7 988	-5 437	-2 950
Changes during the year			
- amortization according to plan	-2 845	-2 551	-2 487
- exchange rate effect	0	0	0
Accumulated amortization at end of year	-10 833	-7 988	-5 437
Carrying amount at end of year	4 749	4 916	7 293

All intangible assets relate to customized software.

Note 12 Tangible assets

	2014-12-31	2013-12-31	2012-12-31
Tangible assets			
Acquisition value at beginning of year	3 588	3 044	2 758
Changes during the year			
- acquisitions	1 069	543	286
- exchange rate effect	0	0	0
Acquisition value at end of year	4 657	3 587	3 044
Accumulated depreciation at beginning of year	-2 479	-2 001	-1 596
Changes during the year			
- depreciation according to plan	-625	-478	-405
- exchange rate effect	0	0	0
Accumulated depreciation at end of year	-3 104	-2 479	-2 001
Carrying amount at end of year	1 553	1 108	1 043

Note 13 Other operating expenses

	2014	2013	2012
Marketing	-15 200	-14 588	-16 777
Other	-1 109	-966	-960
Total	-16 309	-15 554	-17 737

Note 14 Net loan losses

	2014	2013	2012
Change in provision for sold non-performing loans	-106 570	-100 038	-94 972
Realized loan losses	-15 060	-11 246	-8 404
Recovered from previous write-offs	8 128	8 582	8 667
Change in provision for other loan losses	159	5 043	3 194
Net loan losses	-113 343	-97 659	-91 515

Net loan losses are attributable to Loans to the public and categorized as loans and receivables.

Note 15 Income tax expense

	2014	2013	2012
Tax for the year	-27 779	-23 615	-29 441
Income tax expense*	-27 779	-23 615	-29 441
Reconciliation of tax on profit for the year			
Operating profit	127 322	109 939	96 662
Tax at applicable tax rate*	-27 999	-24 187	-25 422
Tax effect of non-deductible expenses	-45	-32	-41
Tax effect of non-taxable income	495	789	9
Tax effect of revenue that is recognized but not included in reported profit	-230	-185	-3 987
Income tax expense according to income statement	-27 779	-23 615	-29 441

Weighted average tax rate for the Group was 21.8 per cent in 2014, 21.5 per cent in 2013, and 30.5 per cent in 2012.

*26.3 per cent corporate tax in 2012

Note 16 Foreign currencies

The following currency exposures are to the functional currency.

	2014-12-31	2013-12-31	2012-12-31
Assets in EUR:			
Cash and balances with central banks	4 811	-	-
Loans to credit institutions	24 285	39 344	7 664
Loans to the public	808 484	625 495	529 101
Other assets	14 998	-	-
Less assets in EUR in Eurozone	-617 223	-	-
Total assets	235 355	664 839	536 765
Liabilities in EUR:			
Deposits and borrowings from the public	-396 473	-369 245	-20 633
Other liabilities	-11 331	-1 318	-42 729
Less liabilities in EUR in Eurozone	404 913	-	-
Total liabilities	-2 891	-370 563	-63 362
Foreign exchange derivatives	-447 017	-292 760	-473 495
Net exposure EUR, functional currency	-214 553	1 516	-92
Net assets EUR in Eurozone	212 310	-	-
Net exposure EUR for the Group	- 2 243	1 516	-92

	2014-12-31	2013-12-31	2012-12-31
Assets in NOK:			
Loans to credit institutions	4 158	1 775	1 110
Loans to the public	33 202	16 535	22 869
Other assets	619	-	-
Total assets	37 979	18 310	23 979
Liabilities in NOK:			
Other liabilities	-321	-27	-590
Total liabilities	-321	-27	-590
Foreign exchange derivatives	-37 311	-18 156	-23 420
Net exposure NOK	347	127	-31
Assets in PLN:			
Liabilities to credit institutions	4 368	1 453	37
Loans to the public	62 767	9 656	11
Other assets	2 734	-	-
Total assets	69 869	11 109	48
Liabilities in PLN:			
Other liabilities	-4 790	-490	-49
Total liabilities	-4 790	-490	-49
Foreign exchange derivatives	-67 847	-10 818	-
Net exposure PLN	-2 768	-199	-1
Assets in DKK:			
Liabilities to credit institutions	1 449	-	-
Loans to the public	31 253	-	-
Other assets	247	-	-
Total assets	32 949	-	-
Liabilities in DKK:			
Other liabilities	-156	-	-
Total liabilities	-156	-	-
Foreign exchange derivatives	-32 589	-	-
Net exposure DKK	204	-	-

Table below presents the outstanding foreign exchange derivatives at market value in millions in the respective currencies:

Currency	2014-12-31	2013-12-31	2012-12-31
EUR	47.0	32.5	55.0
NOK	35.5	17.0	20.0
PLN	30.5	5.0	-
DKK	25.5	-	-

Note 17 Maturity information

	2014-12-31	2013-12-31	2012-12-31
Payable on demand	4 811	-	-
Cash and balances with central bank	4 811	-	-
Remaining maturity less than 3 months	-	150 000	51 000
Remaining maturity of more than 3 months but less than 1 year	160 000	-	9 000
Treasury bills eligible for refinancing with central banks	160 000	150 000	60 000
Payable on demand	485 955	429 538	261 527
Loans to credit institutions	485 955	429 538	261 527
Remaining maturity less than 3 months	70 975	27 251	2 112
Remaining maturity of more than 3 months but less than 1 year	269 488	128 035	59 641
More than 1 year but less than 5 years	2 039 347	1 690 590	1 814 234
Loans to the public	2 379 810	1 845 876	1 875 987
More than 1 year but less than 5 years	-	-	7 212
Liabilities to credit institutions	-	-	7 212
Payable on demand	1 981 393	1 554 954	1 294 176
Deposits and borrowings from the public	1 981 393	1 554 954	1 294 176
Remaining maturity less than 3 months	65 095	31 911	58 876
Other liabilities	65 095	31 911	58 876

The amounts shown are the contractual undiscounted cash flows and include both interest and principal payments so the amounts are not directly linked to the balance sheet.

Note 18 Loans to credit institutions

	2014-12-31	2013-12-31	2012-12-31
Loans in SEK	470 400	398 762	252 742
Loans in foreign currency	15 555	30 776	8 785
Total loans to credit institutions	485 955	429 538	261 527

Note 19 Loans to the public

	2014-12-31	2013-12-31	2012-12-31
Loans to the household sector	1 633 239	1 226 062	1 204 522
Loans to the corporate sector	581	8 096	16 904
Total loans to the public	1 633 820	1 234 158	1 221 426
Loans to the household sector			
Loans, gross	1 665 976	1 256 072	1 238 524
Provision for expected loan losses	-32 737	-30 010	-34 002
Loans, net book value	1 633 239	1 226 062	1 204 522
Geographic distribution of loans, net			
Sweden	709 008	585 089	658 530
Finland	647 272	514 394	437 323
Norway	33 207	16 542	22 625
Estonia	148 514	100 381	86 033
Poland	62 803	9 656	11
Denmark	31 253	-	-
Latvia	1 182	-	-
Total loans, net book value	1 633 239	1 226 062	1 204 522
Change in provision for actual and expected loan losses			
Opening balance	-30 010	-34 002	-39 280
Change in provision for sold non-performing loans	-106 570	-100 038	-94 972
Reversal in provision for sold non-performing loans	106 570	100 038	94 972
Change in provision for other loan losses	159	5 043	3 197
Other adjustments*	-2 886	-1 051	2 081
Closing balance	-32 737	-30 010	-34 002

*Other adjustments consist of currency translation differences

	2014-12-31	2013-12-31	2012-12-31
Loans to the corporate sector			
Loans, gross	581	8 096	16 904
Total loans, net book value	581	8 096	16 904

There have been no provisions for loans to corporates as there are no circumstances which make provision an issue.

Loans to the corporate sector is only relevant for the Swedish market.

Note 20 Other assets

	2014-12-31	2013-12-31	2012-12-31
Derivatives	7 087	5 043	1 516
Other assets	3 529	166	7
Total other assets	10 616	5 209	1 522

Note 21 Prepaid expenses and accrued income

	2014-12-31	2013-12-31	2012-12-31
Accrued interest income	666	1 072	2 271
Prepaid transaction costs	21 737	12 832	16 641
Other items	8 792	1 701	1 116
Total prepaid expenses and accrued income	31 196	15 605	20 028

Not 22 Liabilities to credit institutions

	2014-12-31	2013-12-31	2012-12-31
Liabilities in SEK	-	-	-13 994
Liabilities in foreign currency	-	-	21 206
Total	-	-	7 212
Undrawn credit facility in SEK millions	300	300	293

Note 23 Other liabilities

	2014-12-31	2013-12-31	2012-12-31
Liability to TFB Holding AB (formerly Consortio Invest AB)	56 840	24 500	49 000
Trade payables	4 411	5 415	7 983
Other liabilities	3 844	1 996	1 893
Total other liabilities	65 095	31 911	58 876

Note 24 Accrued expenses

	2014-12-31	2013-12-31	2012-12-31
Accrued salaries and holiday pay	3 232	2 671	2 213
Accrued social security	2 093	1 672	1 435
Accrued interest on deposits	32 913	32 666	30 799
Other accrued expenses	11 065	2 736	2 359
Total accrued expenses	49 303	39 745	36 806

Note 25 Deferred tax liabilities

The difference between the income tax reported in the income statement and the income tax attributable to operations consists of:

	2014-12-31	2013-12-31	2012-12-31
Deferred tax on untaxed reserves	11 614	15 381	17 305
Deferred tax on other comprehensive income	532	-	-
Total deferred tax liabilities	12 146	15 381	17 305

Note 26 Capital adequacy analysis

Background
Information about the Group's capital adequacy includes information in accordance with chapter 6, 3-4 §§, Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in Articles 92.3 d and f, 436 b and 438 of the Regulation (EU) No 575/2013, commonly referred to as the Capital Requirements Regulation ("CRR"), chapter 8, 7 §, of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A of Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013. Other information required by FFFS 2014:12 and CRR is provided on TF Bank AB's website (www.tfbank.se).

Information on own funds and capital requirements
The Group and parent company's statutory capital requirements is governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), CRR, regulation on capital buffers (2014:966) and the Swedish Financial Supervisory Authority's regulations and general advice on regulatory requirements and capital buffers (FFFS 2014:12).

The purpose of the regulations is to ensure that the Group and parent company manage their risks and protect its customers. The regulations state that the Group's own funds must cover the capital requirements including the minimum capital requirements (capital requirement for credit risk, market risk and operational risk).

The Group's consolidated situation, with TF Bank AB as responsible institute, was established in Q3 2014. The Group is currently not under supervision* and the numbers below have been calculated for presentation in this financial report. The capital situation of the Group has been calculated using the full IFRS consolidated accounts. The capital adequacy is presented in SEK since the regulatory requirements are in SEK. The intention is to change the legal structure during Q3 2015 making the Group to also be the consolidated situation as reported to the Swedish Financial Supervisory Authority.

*The basis for the current consolidated situation reporting to the Swedish Financial Supervisory Authority includes the parent company TFB Holding AB (formerly Consortio Invest AB).

<u>The Group's capital situation can be summarized as follows:</u>

SEK '000	2014-12-31	2013-12-31	2012-12-31
Common Equity Tier 1 (CET 1) capital after any deductions	266 563	233 606	191 405
Additional Tier 1 (AT 1) capital after any deductions	-	-	-
Tier 2 capital after any deductions	-	-	-
Own funds	266 563	233 606	191 405
Risk exposure amounts	1 943 588	1 550 052	1 456 226
- *of which*: credit risk	1 373 649	1 043 520	1 006 680
- *of which*: market risk	-	-	-
- *of which*: operational risk	569 909	506 532	449 546
CET 1 capital ratio (%)	13.72	15.07	13.14
AT 1 capital ratio (%)	13.72	15.07	13.14
Total capital ratio (%)	13.72	15.07	13.14
Total CET 1 capital requirement inclusive of capital buffer requirements	136 049	69 752	65 530
- *of which*: capital conservation buffer	48 589	0	0
CET 1 capital available to use as buffer	179 103	163 854	125 875

Own funds

SEK '000	2014-12-31	2013-12-31	2012-12-31
CET 1			
Share capital	5 000	5 000	5 000
Retained earnings	164 787	146 588	126 213
Audited annual earnings net of foreseeable expenses and dividends	100 525	85 934	66 485
Other reserves	1 000	1 000	1 000
Less:			
- Intangible assets	-4 749	-4 916	-7 293
Total CET 1	266 563	233 606	191 405
Total own funds	266 563	233 606	191 405

Own funds include the Board of Director's proposal for the distribution of profit. The Group's CET 1 comply with the requirements of CRR.

Specification risk exposure amounts

Credit risk under the standardized approach

SEK '000	2014-12-31	2013-12-31	2012-12-31
Exposures to institutions with short-term credit assessment	99 766	87 559	53 603
Corporate exposures	3 881	8 095	16 904
Retail exposures	1 187 939	884 410	868 271
Exposures in default	49 321	46 849	46 828
Other items	32 742	16 607	21 074
Total risk-weighted exposure amount credit risk	1 373 649	1 043 520	1 006 680

Operational risk

	2014-12-31	2013-12-31	2012-12-31
Basic Indicator Approach	569 909	506 532	449 546
Total risk exposure amount operational risk	569 909	506 532	449 546
Total risk exposure amount	1 943 558	1 550 052	1 456 226

The Group meets the minimum capital requirements, which corresponds to own funds equal to at least the total minimum capital requirement.

Capital planning

The Group's strategies and methods for measuring and maintaining the capital requirements under CRR are based on the bank's risk management. The Group's risk management is designed to identify and analyse the risks which arise in the course of its operations, define appropriate limits for such risks and to ensure that the required controls have been introduced. Risks are monitored and controls are performed on a regular basis to ensure that limits are not exceeded. TF Bank has a centralized function for independent risk control which reports directly to the Chief Executive Officer and is tasked with analysing changes in risks and, where required, propose amendments to governing documents and processes both for the overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of excess liquidity.

The consolidated situation has its own internal capital adequacy assessment process (ICAAP) to assess whether the internal capital is adequate to serve as a basis for current and future activities and to ensure that own funds is of the right size and composition. The process ensures that the consolidated situation correctly identifies, measures and manages all risks to which the consolidated situation is exposed and makes an assessment of its internal capital adequacy requirements. This includes ensuring that the consolidated situation has appropriate governing and control functions and risk management systems in place. The internal capital adequacy assessment is performed at least annually.

The starting point for the consolidated situation's ICAAP is risk identification and self-assessment workshops with senior executives. Using this risk analysis as a basis, each individual risk is analysed and how it will be managed is documented. References are made to applicable governing documents and policies. The risks are quantified based on the method which the consolidated situation deems to be appropriate for each type of risk. An assessment is made for each type of risk with regards to whether additional capital is required to cover the specific risk type. The assessment is based on Pillar 1 capital requirements and additional capital is added where necessary for other risks. The internal capital adequacy assessment is then stress-tested to ensure that the consolidated situation's capital level can be maintained also in a stressed market situation. The consolidated situation's scenario exercise is forward-looking and based on the consolidated situation's three-year business plan.

Note 27 Related-party transactions

Ownership in TF Bank AB is divided between TFB Holding AB (formerly Consortio Invest AB, 556705-2997) (98 per cent) and minority shareholders (2 per cent). Consortio Fashion Holding AB, corporate identity number 556925-2819 (with registered office in Sweden), has the same majority owners as TF Bank's parent company, TFB Holding AB. Consortio Fashion Holding AB, in turn, has a number of subsidiaries which have engaged in transactions with related parties, acquisitions of assets and liabilities (credit operations), ongoing purchases of credit claims and rental of premises. TF Bank AB has outsourced part of its customer service operations to its subsidiary, TFB Service OÜ, corporate identity number 12676808 (with registered office in Estonia).

All related-party transactions are priced at market prices.

There is an outstanding Group contribution which has been paid to TF Bank's parent company subject to approval by the annual general meeting.

	2014	2013	2012
The following transactions have been made with related parties:			
Transaction costs	40 729	-	-
Rental of premises	1 041	1 041	1 041
Acquisition of assets and liabilities, Sales Finance	371 979	-	-
Marketing	-	-	374
Other services	3 472	-	-
Total	417 221	1 041	1 415

Assets at year end as a result of transactions with related parties:	2014-12-31	2013-12-31	2012-12-31
Unregulated liquidity in respect of credit claims	3 311	-	-
Total	3 311	-	-
Liabilities at year end as a result of related-party transactions:			
Liability to TFB Holding AB (formerly Consortio Invest AB)	56 840	24 500	49 000
Unsettled liquidity relating to credit claims	138	-	-
Total	56 978	24 500	49 000

For information about remuneration to senior executives, see Note 10.

Note 28 Assets pledged as security

	2014-12-31	2013-12-31	2012-12-31
For own liabilities			
Relating to current liabilities to credit institutions			
Trade receivables	653 017	524 610	574 662
	653 017	524 610	574 662

The Group continuously pledge its Swedish Loans to the public as security. The assets are pledged as security for the Group's credit facility. As at 31 December 2014 the credit facility was undrawn.

The Board of Directors and the CEO certify that the financial report gives a true and fair overview of the operations, financial position and results of the Group and describes significant risks and uncertainty factors that the Group is facing.

Borås 19th of August 2015

Declan MacGuinness
CEO

Mattias Carlsson
Chairman of the Board

John Brehmer
Member of the Board

Thomas Grahn
Member of the Board

Paul Källenius
Member of the Board

Bertil Larsson
Member of the Board

Our audit report in accordance with RevR 5 was submitted the 19th of August 2015

PricewaterhouseCoopers AB

Michael Lindengren (Principal)
Authorized Public Accountant

PricewaterhouseCoopers AB

Martin By
Authorized Public Accountant